

City Council Meeting Minutes

**December 18, 2017
City Hall, Council Chambers
749 Main Street**

SPECIAL MEETING 7:30 AM

Call to Order – Mayor Pro Tem Lipton called the meeting to order at 7:32 a.m.

Roll Call was taken and the following members were present:

City Council: *Mayor Robert Muckle (arrived at 7:37 am)*
 Mayor Pro Tem Jeff Lipton
 Councilmember Jay Keany
 Councilmember Susan Loo (arrived at 7:34 am)
 Councilmember Dennis Maloney
 Councilmember Ashley Stolzmann

Absent: *Councilmember Chris Leh*

Staff Present: *Heather Balser, Interim City Manager*
 Kevin Watson, Finance Director
 Kurt Kowar, Director of Public Works
 Cory Peterson, Water Resources Engineer
 Penney Bolte, Sales Tax Manager
 Graham Clark, Senior Accountant
 Emily Kropf, Assistant to the City Manager
 Meredyth Muth, City Clerk

PLEDGE OF ALLEGIANCE

All rose for the pledge of allegiance.

APPROVAL OF AGENDA

Mayor Pro Tem Lipton called for changes to the agenda and hearing none, moved to approve the agenda, seconded by Councilmember Stolzmann. All were in favor.

**DISCUSSION/DIRECTION/ACTION – UTILITY COMMITTEE UPDATE AND
COORDINATION WITH FINANCE COMMITTEE**

Director Kowar stated staff requested this meeting to identify duties of both the Finance Committee and Utility Committee and the decision making process particularly related to utility rates to make it clear which committee is doing what.

Kowar reviewed the five-year utility background, projects from the utility program, and workload including storm related issues and infrastructure changes. He noted the various areas the two committees overlap related to the rate model for water, sewer, and stormwater, including costs and revenue. He noted how various maintenance capital projects, timing, and tap fees affect the utility rates.

Mayor Muckle and Councilmember Loo arrived.

Councilmember Loo asked for clarification on the rate model chart, saying it was too confusing for the public to understand. Kowar stated staff would simplify the chart.

Director Kowar reviewed the process staff goes through when they make decisions to spend money. It includes, costs, efficiencies, maintenance needs, reliability of the part, and levels and quality of service. Staff also reviews probability and risk of failure and the consequences of not acting.

Staff works with the Utility Committee and City Council to create the biennial budget. That planning process is well ahead of implementation and planning continues each year with staff adapting to what is happening daily. Sometimes that requires a budget amendment.

Director Kowar presented some ideas for how the Utility and Finance Committees could divide workload including which might review capital projects, rates, and financial plans.

Councilmember Stolzmann stated she would like this discussion based on the goals for the program area set by the Council. She would like it to be less tactical and more policy based. She suggested making sure the Key Performance Indicators (KPIs) match the goals better.

Councilmember Keany agreed the council needs to focus on policy and the goals. We don't need to focus on the details; we need to know at the end of the day if the goals are being met. Councilmember Stolzmann stated the KPIs should be giving the Council the high level information.

Councilmember Maloney stated we need to give the residents a KPI that is understandable; we need to use those to communicate how we are doing.

Mayor Pro Tem Lipton stated a major goal is are we meeting EPA rules. Council doesn't worry how we get there with the tiny details, but should know we are meeting the goal. He added that sometimes there seems to be a disconnect between the kinds of financial information each committee is getting from staff. The information should be consolidated and consistent for both committees.

Councilmember Maloney stated he would like items to go through the committees before they come to Council, noting specifically a recent large capital request. We should not be having a conversation at the Council meeting without both committees understanding the financial impacts.

Mayor Pro Tem Lipton stated the committees need to know how projects affect rates and whether or not some projects could be deferred. Council should not get a large request for capital projects without any backup information.

Councilmember Stolzmann would have liked to discuss that capital request in relation to the City's projects as a whole, not just how it affects water projects. We should not discuss each project in a vacuum.

Councilmember Maloney would like fees adopted as part of the budget discussion, not completed six weeks later.

Councilmember Keany asked if the rate increase was built into the budget. Director Watson stated it was for utility rates.

Director Kowar stated it can seem disconnected sometimes; staff's challenge is that sometime things have to get split up simply due to workload.

Councilmember Stolzmann stated Council needs to set policies before the budget approval and have a logical order to the budget process.

Mayor Pro Tem Lipton noted perhaps the utility program may not lend itself well to the biennial budgeting.

Mayor Muckle asked if the Utility Committee should look at financial statements.

Councilmember Stolzmann suggested getting rid of the Utility Committee and having the Finance Committee do everything. Mayor Pro Tem Lipton stated much of what the Utility Committee does is not policy driven and perhaps not a good use of Council time. Maybe there are duties of the Utility Committee that should be changed.

Councilmember Keany noted there are plenty of capital improvements for golf or police for example, that are not reviewed by any Council Committee. Why not do the same thing for the utility items.

Councilmember Loo noted a lot of the CIP projects do go through committees noting parks items. This is generally staff driven; staff creates a list and asks the boards what they think or support. It is a more general level, but there is some input from a committee.

Mayor Pro Tem Lipton stated the Utility Committee is not the same as a citizen committee. The original argument might have been that utility rates/projects are so significant, that it does deserve some different level of oversight. There are years where some impacts of the utility, either financially or regulatory, are bigger.

Mayor Muckle stated the Utility Committee does provide value. We shouldn't fold the two together or you get a small number of people having great influence on the budget when that should be left to the full council. We should use the Utility Committee for spending time on understanding the utilities.

Councilmember Stolzmann stated the information that needs to be discussed for a big budget amendment is really financial and should be reviewed at the Finance Committee.

Councilmember Keany stated the Water Committee used to really be about water rights and drought response and it only met as needed to discuss acquisitions.

Mayor Muckle stated both Committees have grown in their roles; now we need to identify what each will be doing.

Councilmember Maloney stated there needs to be one group to put the finances into context when determining utility rates and expenses.

Councilmember Keany stated the Council needs to define a better policy for fee recovery across the City.

Councilmember Maloney stated between the two Committees it seems no one has the right information they need for decision making; we need to define what we need from staff.

Councilmember Loo stated the personalities of the Council have changed drastically, we are demanding more. This affected the Committees and what they want. We need to determine 1) what will make us happy and 2) what will it take for staff to provide that information. If we are asking for so much information we may need more staff. We need to know what is doable with the resources we have. It needs to be clear what information they need and we need to know what the goal of each committee is. She suggested perhaps the Committees should meet together periodically.

Mayor Muckle proposed the Utility Committee look at some financial information and the two Committees decide what is most valuable to them to help them make policy decisions and have periodic joint meetings.

Councilmember Keany stated the Utility Committee should sit with staff to determine what information is really needed. We should be looking at snow pack projections, the waste hauler contract; we should not be looking at low level details.

Mayor Pro Tem Lipton agreed with Mayor Muckle. He suggested all financial information be given to the Utility Committee for a 6-month test drive. Then get together in 6 months and see how the division of responsibility is going. Once per year have the full council look at the policy issues.

Councilmember Stolzmann disagreed; she stated financial review should be at the Finance Committee. Finance knows the real time accounting revenue expenditures; we shouldn't separate the functions. Sending the same reports to both committees is a redundancy of effort. Don't see it this addressing any issues that need to be fixed.

Director Kowar stated he sees the difference as the Finance Committee is what is happening now; the Utility Committee us looking 5 years out for projects and planning.

Mayor Pro Tem Lipton stated we can't separate the roles without all the information. He stated he was not sure the Finance Committee wants to look at utility rates at an in-depth level.

Councilmember Maloney asked what problem we are solving. That needs to be defined. He restated his concern that items come to council with no review from either committee and also neither committee has looked at the rate model before we look at budget. Finance is looking at profit and loss without any context about the rate model.

Councilmember Keany the challenge is what is rolling over and what funds are already committed or not.

Councilmember Maloney stated his concern that no one is looking at the rate model, the financial statements, and budget requests. Neither Utility or Finance had the right or enough information to make a good recommendation.

Mayor Muckle stated someone needs to review items before they come to council. Councilmember Keany stated one or the other has to be more involved in the process. Councilmember Maloney agreed.

Councilmember Stolzmann stated there are a lot of areas that collect fee revenue and we should not carve out the utility fees to have a different process. Carving out what the Utility Committee does, doesn't solve the problem and it means the Finance Committee does not look at the fees for our biggest enterprise.

Mayor Muckle stated all of the committee review and conversations have helped council. Councilmember Stolzmann disagreed saying she thinks sometimes when things are already discussed at a committee it means a reduced conversation when it comes to the full council.

Mayor Pro Tem Lipton noted the utilities are an enterprise fund, it is different. It is half of the city budget and deserves more attention than other items. Having the full council discuss these issues makes us less efficient.

Mayor Pro Tem Lipton proposed trying to have financial information in Utility Committee packets to help make decisions on rates. The Finance Committee still has some role on rates, but perhaps it should be more limited.

Director Watson stated the purpose of financial statements is to give information on the impacts on the long term finances. It sounds like we are now having the same conversation in both committees. There are many staff trying to manage all the data and how it ties together. The purpose isn't to answer questions, but to determine what questions need to be asked.

Councilmember Stolzmann suggested using one study session per month to have a special meeting that is a joint meeting of the Finance and Utility Committees.

Mayor Muckle suggested perhaps a joint meeting but less often than once per month.

Members discussed how a joint meeting process might work and what the consequences might be.

Mayor Pro Tem Lipton stated this is overly complicated. We want more efficiencies; not fewer.

Members decided to have financials put in the Utility Committee and Finance Committee packets which will fold into the rate discussions. All of the Utility Fund financials will be reviewed by the Utility Committee and they will discuss how this will affect the long term financial plan.

Councilmember Stolzmann asked what other things the Utility Committee is doing. Mayor Pro Tem Lipton stated the Committee looks at water rights, as well as water demand, and usage. Councilmember Keany stated much of it is keeping an eye on things that relate to goals and objectives more than proposing policy.

Councilmember Loo asked if the broadband study should be included in the Utility Committee. Members decided yes, that would be included in their duties.

Mayor Pro Tem Lipton moved to assign the responsibility of reviewing financial information for utilities to the Utility Committee and the Finance Committee get copies of information the Utility Committee gets. Councilmember Maloney seconded the motion. Voice vote 5-1, Councilmember Stolzmann voted no.

Mayor Pro Tem Lipton moved to schedule a special meeting in August to check in and evaluate the process change. Councilmember Stolzmann seconded the motion. Voice vote 6-0.

ADJOURN

Members adjourned the meeting at 9:11 am.

Robert P. Muckle, Mayor

Meredyth Muth, City Clerk